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NOTES FOR DD/I

BUDGET PRESENTATION OF ORR FUNCTIONS

I. Why does solution of our national security problem depend in large part upon adequate economic intelligence of the Soviet?

- A. To estimate the magnitude of present and future threats.
- B. To estimate the character and location of present and future threats.
- C. To divine the intentions of the Soviet Bloc.
- D. To help policy makers decide what we can do to reduce these threats (export controls, blockades, etc.).
- E. To assist the military in selecting the most vulnerable parts of the Soviet economy to attack in case of "hot" war.

*Total Econ Capacity
as an upper limit
to the Threat*

II. Contrast between the ease with which the Soviet can obtain this intelligence of US and the West and our task as regards USSR.

- A. Hansen chart, handbooks like Moody's, trade journals, annual reports -- all available either for free or negligible expense and not only disclosing the basic information, but analyzing it, summarizing it, and evaluating it for them.
- B. Progressive drying up of sources of Soviet information -- on many critical items very little to go on since 1949 and no real body of material since 1945.
- C. The problem is one of extracting the maximum from tidbits, using techniques of statistics -- in many cases painfully slow trial

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and error testing of hypotheses against the scattered items of fact.

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- D. Need for basic and comprehensive investigation in order to get the entire picture of the Soviet economy -- futility of attempting to search like needle in haystack for a handful of bottlenecks because experience has show all economies have tremendous capacity to improvise and substitute.

① Circle of function

III. The organization we have set up to do this work.

② Coordination in EIC

- A. Basic responsibilities: coordination of all talent available in the Government and production of the primary work on the Soviet economy.

③ Talent

- B. Type of people that are recruited to do this work. (Chart with colored pies) *Exploitation of universities etc*
Working style

④ Org

- C. Structure of the Office (Organization Chart). Coverage of all vital industries parallel to the Soviet ministries to enable us to follow their actions.

IV. Flow of our work (Flow chart).

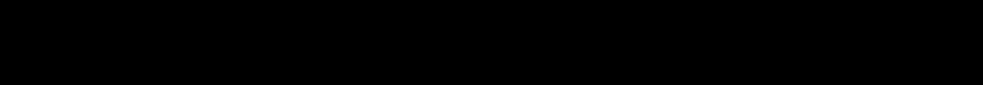
- A. Service to National Estimates.
B. Operational support.
C. Basic research -- self-initiated projects to build up essential store of knowledge.

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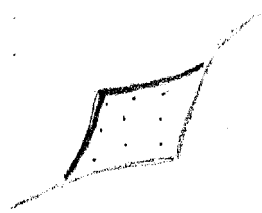
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- D. Continual check by outside industrial experts -- consultants' panels. 
 - E. Coordination function (EIC chart) and the economies made possible by avoiding duplication and insisting on cooperative effort. Note close working liaison at various levels resulting from ORR furnishing chairmen and secretaries.
- VI. Proof of pudding is in eating (What is coming out of this admittedly substantial human machine?)
- A. Over-all study of Soviet plane production capacity -- map of aircraft plants. From detailed floor plans, we estimate potential production.
 - B. China Oil Map.
 - C. Fluorspar production and consumption (See map).
 - D. Detailed plant studies -- relationships with Air Targets Division, etc. (See sketch showing detailed layout of buildings and specific location of machinery.)
 - E. Study of Shipbuilding Components Industry in the Satellites.

25 March 1952



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